

Message Text

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PAGE 01 STATE 191125

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DRAFTED BY NEA/IAI:JCMAYHEW:LLC

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EB/OA/AVP:JS GRAVETT

AAFEES:WCFOY

DOT:PLARSEN

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R 030127Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV

C O N F I D E N T I A L STATE 191125

E.O. 11652: GDS

TAGS: EAIR IS

SUBJECT: USE OF AMERICAN AIR CARRIERS FOR PX SYSTEM
PURCHASES IN ISRAEL

REF: TEL AVIV 4531

1. AAFES EUR (ARMY, AIR FORCE EXCHANGE SYSTEM, EUROPE)
FORMERLY EES, INFORMS US THAT GOODS BEING PURCHASED IN
ISRAEL ARE CURRENTLY BEING PURCHASED FOB DESTINATION,
REQUIRING THE VENDOR TO SHIP THE GOODS TO GERMANY. THIS
MEANS THAT AAFES EUR HAS NO CONTROL OVER WHICH CARRIER IS
USED.

2. THE DECISION TO CONTRACT ON THIS BASIS WAS MADE ON THE
BASIS OF LOWEST COST TO AAFES EUR. FACTORS RESULTING IN
LOWER COSTS FOR THIS METHOD ARE: (1) SMALL SHIPMENTS ARE
INVOLVED WHICH THE VENDOR CAN COMBINE WITH SHIPMENTS TO
OTHER BUYERS RESULTING IN LOWER COSTS THAN AAFES EUR WOULD
INCUR FOR THE SAME SHIPMENT; (2) ANY LOSS IN SHIPMENT
WITH THIS METHOD IS A LOSS BY THE VENDOR RATHER THAN BY
AAFES EUR; (3) AAFES EUR DOES NOT HAVE ANY CAPITAL TIED UP
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PAGE 02 STATE 191125

IN GOODS IN SHIPMENT; AND (4) THIS METHOD CAN RESULT IN

LOWER ADMINISTRATIVE COSTS AS NO AAFES EUR AGENTS ARE
NEEDED IN ISRAEL.

3. IF TWA WOULD LIKE TO EXPLORE THE SITUATION FURTHER,
WE SUGGEST THAT THEY CONTACT AAFES EUR, MCGRAW KASERNE,
TEGERNSEER LANDSTRASSE, 8000 MUNCHEN 90, FEDERAL REPUBLIC
OF GERMANY OR MR. PAUL LARSEN, OFFICE OF THE GENERAL
CONSUL, DEPARTMENT OF TRANSPORTATION, WASHINGTON, D.C.
20590 FOR CLARIFICATION. KISSINGER

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